



P.O. Box 4186  
San Rafael  
California 94913

Phone: 415/499-6570  
Fax: 415/499-3799

[www.tam.ca.gov](http://www.tam.ca.gov)

**Belvedere**  
Jerry Butler

**Corte Madera**  
Melissa Gill

**Fairfax**  
Lew Tremaine

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August 10, 2005

**TO:** Citizens' Oversight Committee

**RE:** Financial Audit – Scope of Services – Agenda Item 11

Dear Oversight Committee:

As a Special District, TAM is required to have a financial audit conducted by a qualified firm, pursuant to the *California Code of Regulations* Title 2, Division 2, Chapter 2, Subchapter 5. Because the financial audit is largely constrained by legal requirements, there is little flexibility in tailoring the scope of services. The attached draft scope reflects the requirements of the above-referenced *California Code of Regulations*, as well as those defined in the publication, *Government Accounting Standards*, issued by the U.S. General Accounting Office.

**Recommendation**

Staff recommends that the Oversight Committee approve the attached Scope of Services and authorize the issuance of a RFP for Financial Auditing Services.

Respectfully submitted,

Craig Tackabery  
Executive Director

Attachment: Financial Audit – Scope of Services

## **Financial Audit – Scope of Services (Draft)**

### **I. General**

The Citizens' Oversight Committee (Oversight Committee) of the Transportation Authority of Marin (TAM) is soliciting the services of qualified firms of certified public accountants to audit TAM's financial statements and, if needed, perform a Single Audit for the fiscal year ending June 30, 2005, with the option of extending the contract for each of the two subsequent fiscal years. These audits are to be performed in accordance with the provisions contained in this request for proposals.

### **II. Scope of Work to be Performed**

The Oversight Committee desires the auditor to express an opinion on the fair presentation of TAM's general purpose financial statements and combining financial statements in conformity with generally accepted accounting principles. The auditor will also perform the required work tasks for the Single Audit.

### **III. Auditing Standards to be Followed**

To meet the requirements of this request for proposals, the audit shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. General Accounting Office's Government Auditing Standards, the provisions of the Single Audit Act, the requirements of the *California Code of Regulations* (Title 2, Division 2, Chapter 2, Subchapter 5), and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133, Audits of State and Local Governments.

### **IV. Reports to be Issued**

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue:

1. A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles.
2. A report on the internal control structure based on the auditor's understanding of the control structure and assessment of control risk.
3. A management report with recommendations for improving operations.
4. All reports required under the Single Audit Act.
5. Completion and filing of the federal "Data Collection Form for Reporting on Audits Of States, Local Governments, And Non-Profit Organizations [Form SF-SAC].

**V. Working Paper Retention and Access to Working Papers**

All working papers and reports must be retained, at the auditor's expense, for a minimum of five (5) years, unless the firm is notified in writing by TAM of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties or their designees:

- The Oversight Committee
- TAM
- Cognizant Agencies for Federal grants
- U.S. General Accounting Office (GAO)
- Parties designated by the federal or state governments or by TAM as part of an audit quality review process

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.